

Electronically Recorded

Official Public Records

Tarrant County Texas

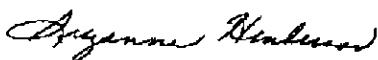
2008 Jul 02 03:32 PM

Fee: \$ 52.00

Submitter: SIMPLIFILE

D208256888

10 Pages



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

OIL AND GAS LEASE

(Paid-Up Lease)

This Oil and Gas Lease (this "Lease") is made on June 30, 2008 (the "Effective Date"), between Romulo Del Prado, on behalf of himself and a Class of Judgment Creditors of the Estate of Ferdinand E. Marcos (hereafter called "Lessor"), with a mailing address of % Robert A. Swift, Kohn, Swift & Graf, P.C., One South Broad Street, Suite 2100, Philadelphia, PA 19107, and Conglomerate Gas II, L.P. a Texas limited partnership (hereafter called "Lessee"), with offices located at 4770 Bryant Irvin Court, Suite 400, Fort Worth, Texas 76107.

1. **Grant.** In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases exclusively unto Lessee the land described in attached Exhibit A (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling, and producing oil and gas, laying pipelines and building roads and tanks thereon to produce, save, treat, process, store, and transport oil and gas and other products manufactured from oil and gas produced from the Land.

2. **Primary Term.** This Lease is for a term (the "Primary Term") commencing on the Effective Date hereof, and ending on the last to occur of: (i) of five (5) years after the Effective Date, or (ii) the termination of the primary term provided for in any Receiver's Lease obtained by Lessee as described in a certain *Agreement to Execute Oil & Gas Lease* of the same date between Lessor and Lessee.

3. **Minerals Covered.** This Lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons produced through a well bore.

4. **Royalty.** As royalties, Lessee agrees:

a. On oil and other liquid hydrocarbons produced and saved from the Land, to pay Lessor 1/4th (the "Royalty Fraction") of the market value at the point of sale of such oil, or at Lessor's option, which may be exercised from time to time, the Royalty Fraction of all oil and other liquid hydrocarbons produced and saved from the Land shall be delivered free of cost to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected.

b. To pay to Lessor:

(i) On gas produced from the Land and sold by Lessee or used on or off the Land and to which the following subparagraphs (ii) and (iii) do not apply, the Royalty Fraction of the market value at the point of sale, use or other disposition.

(ii) On gas produced from the Land that is processed in a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the higher of the Royalty Fraction of the market value of the gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the gas at the plant plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(iii) On gas produced from the Land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the market value at the plant of all processed liquids credited to the account of Lessee and attributable to the gas plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

c. The market value of gas will be determined at the specified location by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition of the oil or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, or if Lessee realizes proceeds of production after deduction for any expense of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage, or marketing, then the reimbursement or the deductions will be added to the total proceeds received by Lessee. Royalty will be payable on oil and gas produced from the Land and consumed by Lessee on the Land for compression, dehydration, fuel, or other use.

d. Lessor's royalty will never bear, either directly or indirectly, any part of the costs or expenses of production, separation, dehydration, trucking, storage, or marketing of the oil or gas produced from the Land or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil or gas.

e. If Lessee or an affiliate of Lessee gathers, compresses, transports, processes, or treats gas produced from the Land, Lessor's royalty shall not bear any of the costs associated therewith. If a third party that is not an affiliate of Lessee gathers, compresses, transports, processes, or treats gas produced from the Land, Lessor's royalty will bear its proportionate share of costs and expenses associated therewith, but the price charged for gathering, compression, transportation, processing, and treatment shall not exceed the price that would be paid under similar circumstances in an arms-length transaction between unaffiliated parties.

f. If gas produced from the Land is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and the contract provides for net proceeds to be paid to Lessee that equal or exceed the market value of the gas at the point of delivery to the purchaser, and for a term no longer than that which is usual and customary in the industry at the time the contract is made, then the market value of the gas sold pursuant to the contract shall be the total proceeds received by Lessee in the sale, subject to the provisions of paragraph 4(b) above.

g. Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will receive only its Royalty Fraction of the market value of the volume of gas for which payment has not already been made.

h. Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than 90 days after completion of the well, in the case of an oil well, or after the pipeline connection, in the case of a gas well. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty will bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The royalty payment obligations under this Lease shall not be affected by any division order or the provisions of the Section 91.402 of the Texas Natural Resources Code or any similar statute.

i. As used in this Lease, "affiliate" means (i) a corporation, joint venture, partnership, or other entity that owns more than ten percent of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent of the outstanding voting interest; or (ii) a corporation, joint venture, partnership, or other entity in which, together with Lessee, more than ten percent of the outstanding voting interests of both Lessee and the other corporation, joint venture, partnership, or other entity is owned or controlled by the same persons or group of persons.

j. The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all times hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

5. **Shut-in Royalty.** If at any time before or after the expiration of the Primary Term a well capable of producing gas in paying quantities is completed on the Land or lands pooled with the Land, but gas is not produced and sold from the well for a period of more than ninety (90) consecutive days, this Lease shall not terminate, and Lessee shall pay or tender as royalty for each such shut-in gas well the sum of \$2,500.00, to be paid or tendered to Lessor on or before the Payment Deadline. The Payment Deadline shall mean the expiration of ninety (90) days after the last to occur of (i) the date of completion of such gas well as evidenced by the well completion report filed with the state regulatory agency with jurisdiction, (ii) the date such gas ceased to be sold, or (iii) the date on which this Lease is not otherwise being held in force and effect. Upon making such payment or tender it will be considered that the well is producing gas in paying quantities within the meaning of this Lease for a period of one (1) year following the Payment Deadline. Lessee may make one (1) additional payment or tender of the same amount on or before the first anniversary of the Payment Deadline, and upon such additional payment or tender it will be considered that the well is producing gas in paying quantities within the meaning of this Lease for an additional period of one (1) year following the first anniversary of the Payment Deadline. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto at the Lessor's address set forth in this Lease.

6. **Continuous Development.**

a. If, at the expiration of the Primary Term, oil or gas is not being produced from the Land, but Lessee has commenced the drilling of a well on the Land, the Lease will not terminate but will remain in effect for so long thereafter as operations are carried out with due diligence with no cessation of more than 60 days, and if the operations result in the production of oil or gas, the Lease shall remain in force as otherwise provided herein. For the purposes of this Lease, the term "operations" means operations for any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back, or repairing of a well in search for or in the endeavor to obtain production of oil or gas.

b. If this Lease is maintained beyond the expiration of the Primary Term by production or otherwise, it will remain in force as to all acreage and depths as long as there is no lapse of more than 180 days between the completion of one well and the commencement of the actual drilling of another well. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling operations must continue in a good and workmanlike manner in a good faith effort to reach the anticipated total depth with no cessation of operations for more than 60 consecutive days. A well will be deemed to have been completed on the date of the release of the drilling rig from the drillsite. The permitted time between wells shall be cumulative so that if a well is commenced prior to the date it is required to be commenced, the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next well.

c. If at any time the maximum time for the commencement of the actual drilling of a well expires without the commencement of the well, or upon the expiration of the Primary Term if the Lease is not maintained by continuous drilling, this Lease will terminate except as to the Retained Tract (defined below) surrounding any well that is then producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties, and as to each Retained Tract, the Lease will then terminate as to all depths below the stratigraphic equivalent of the base of the deepest producing formation on the Retained Tract. The Lease will be treated as a separate lease with respect to each Retained Tract and will continue so long as production in paying quantities continues from the tract. If production from a Retained Tract ceases from any cause, this Lease will terminate as to that tract unless Lessee commences operations for drilling or reworking on the tract within 60 days after the cessation of production, in which case the Lease as to that tract will continue in force as long as the operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in production, so long thereafter as there is production from the tract.

d. As used in this Lease, the term "horizontal well" means a well that meets the definition of a "horizontal drainhole well" under Statewide Rule 86 of the Railroad Commission of Texas, and a "vertical well" is a well that is not a horizontal well. The land assigned to a well for the purposes of this section is referred to as a "Retained Tract." Subject to the provisions below, a Retained Tract for a well located entirely on the Land may not exceed the size prescribed or permitted to obtain a drilling permit under the well density rules adopted by the Railroad Commission of Texas for the field, or if there are no field rules that apply, the Retained Tract shall be limited to the size required to obtain a drilling permit under the statewide well density rules of the Railroad Commission of Texas. A Retained Tract for a vertical well producing from the Barnett Shale formation may not exceed 40 acres. If field rules are established later that permit obtaining a drilling permit with less acreage, a Retained Tract for a vertical well may not exceed the minimum size permitted. In any event, a Retained Tract for a horizontal well may include the minimum acreage specified above for a vertical well plus the additional acreage listed in the tables in Rule 86 and must comply with the requirements of Rule 86 for well density, and if the well is producing from the Barnett Shale formation, the additional acreage of the Retained Tract shall be assigned as if well density for vertical wells is 40 acres or more. Each Retained Tract shall be designated in a shape that maximizes the number of possible Retained Tracts on the Land.

e. Within 60 days after the last to occur of the expiration of the Primary Term or the continuous drilling program, Lessee must file in the county records and furnish to Lessor a document designating each Retained Tract by metes and bounds description prepared by a professional surveyor, specifying the retained depths thereunder, and releasing all other depths and acreage. A gas well that becomes an oil well will hold only the acreage permitted for an oil well, and Lessee must file a redesignation of the Retained Tract (containing a metes and bounds description prepared by a professional surveyor and specifying the retained depths thereunder) in the Real Property Records of the county where the Land is located. If Lessee fails to file timely a document required by this paragraph after Lessor has provided 30 days prior written notice, then Lessor may do so, and the filing will bind Lessee.

7. **Pooling.** Lessee is hereby granted the right, power and option at any time or times to pool and combine the Land or any portion thereof with any other land, lease or leases in the vicinity thereof when in the Lessee's judgment it is necessary or advisable to do so. Such pooling may include all oil, gas and other minerals or may be limited to one or more such substances and may extend to all such production or may be limited to one or more horizons or formations. Any such pooling shall be into a unit or units not exceeding by more than ten percent (10%): (i) forty (40) acres each for the exploration, development and production of oil; and (ii) three hundred twenty (320) acres each for the exploration, development and production of gas, including condensate; *provided, however*, that if any governmental authority prescribes or permits a larger unit as a drilling unit or a proration unit or a spacing pattern for the orderly development of the field or area in which the lands covered by the lease are located, or for any other purpose, any unit may be formed, reformed or reconfigured to include acreage up to the maximum amount of acreage for any unit so prescribed, permitted or allocated. The unit will become effective when Lessee files in the Real Property Records of the county where the Land is located a document describing the pooled acreage and depths for the pooled unit. Lessee shall deliver a copy of the document to Lessor. Lessee may at its election exercise its pooling option before or after commencing operations. Any unit may include land upon which a well has previously been completed or upon which operations for drilling have previously been commenced. Operations on or production of oil or gas from any part of a pooled unit that includes land covered by this Lease shall be considered as operations on or production of oil or gas from the Land. There shall be allocated to this Lease the proportion of the pooled production from any such unit (whether or not from land covered by this Lease) that the number of surface acres covered by this Lease and included in the unit bears to the total number of surface acres in such unit; royalties shall be paid under this Lease only upon that portion of such production so allocated, and as to pooled production from land in such unit such royalties shall be in lieu of any other royalties. That part of the Land included in a pooled unit will be considered to be a Retained Tract, and the provisions of this Lease that provide for termination of the Lease insofar as the Lease covers depths below the base of the deepest producing formation and other provisions relating to Retained Tracts shall apply.

8. **Offset Wells.** If, after the date of this Lease a well located on adjacent land is producing oil or gas in commercial quantities from a subsurface location within 660 feet of the boundary of the Land (an "offsetting well"), Lessee agrees to drill such offset wells as a reasonable and prudent operator would under the same or similar circumstances, or at Lessee's option: (i) execute and deliver to Lessor a release in recordable form of the portion of the Land nearest to the offsetting well; or (ii) pay Lessor a royalty equal to the royalty that would be payable under

this Lease if the offsetting well were producing entirely from the Land. In the event acreage is released pursuant to (i) above, the release will cover a tract of a size and shape that will permit the drilling of a well to the producing formation and the creation of a proration unit surrounding the well in compliance with the field rules for the field in which the offsetting well is located, but if there are no field rules, in compliance with the statewide rules of the Railroad Commission of Texas; *provided, however*, that no event shall Lessee be required to release any portion of the Land included in an existing proration unit.

9. **Secondary Recovery.** Lessee will not implement any repressuring, pressure maintenance, recycling, or secondary recovery operations without the prior written consent of Lessor.

10. **Surface Operations.**

a. Lessee will give Lessor written notice at least 15 days prior to commencing operations on the Land. Lessee agrees to pay Lessor damages for operations conducted on the Land in accordance with the following:

- \$25,000.00 for each wellbore drilled which has its surface location on the Land;
- \$10 per linear foot for pipelines, including flow lines and gathering lines, across the Land;
- \$10 per linear foot for all roads constructed across the Land.

Lessor and Lessee agree that above amounts are a reasonable estimate of the amount of actual damages which will be incurred for surface uses precluded by operations, and which will result to the surface of the Land, and to fences, roads, tanks, structures, improvements, livestock, trees, grass and crops, caused by operations under this Lease, and that the amounts shall not be considered as a penalty or payment for damages that are in excess of the type normally associated with the stated operation. Lessee agrees to restore the surface of the Land to as near its original condition as may be reasonably done after the completion of each operation. Restoration of the surface shall include removing all gravel, caliche, and fill material and reseeding or re-sodding as reasonably requested by Lessor.

b. All fences required by this Lease shall be eight-foot tall, chain link fences with opaque slats of a color approved by Lessor inserted. Warning signs approved by Lessor shall be posted at points designated by Lessor. All gates shall be locked except during use. Lessor shall be provided keys to all locks.

c. While drilling or reworking operations are being conducted, Lessee shall construct and maintain a fence around the area of operations and shall take appropriate measures to insure that only authorized persons have access to the drillsite. After the completion of a well, Lessee shall construct and maintain a substantial fence around all tank batteries, separators, and other surface equipment and shall keep all gates locked. If directed by Lessor, Lessee shall plant hedges or provide other landscaping and shall take whatever reasonable measures as may be requested by Lessor to shield all surface equipment from view. Lessee shall keep all surface equipment in a good state of repair and painted as directed by Lessor as often as is necessary to maintain a good appearance. Lessee shall remove all debris, trash, unused materials, pipe, or equipment from the Land on a continuing basis. Lessee may not construct any buildings or other structures except for temporary mobile buildings utilized during drilling and completion operations. Lessee will use only low profile pumping units and tank batteries on the Land. The top of any pipeline buried by Lessee must be at least 36 inches below the surface.

d. Lessee's operations hereunder shall be limited to four drillsites, each of which which may not exceed 4 acres during the drilling of a well and shall be reduced to not more than 2 acres during times of production. Lessee must locate the drillsites, tank batteries, and all surface equipment as indicated in green per the attached Exhibit B. Roads and pipelines will be located in order to minimize the impact on the surface of the Land. Lessee recognizes that in some instances this may cause roads or pipelines to be a greater length than necessary for ingress and egress and for transporting oil or gas produced from the Land. Lessee shall have no right to use the surface of the Land other than the drillsite roads and pipelines. Upon the expiration of the Primary Term, or, if this Lease is maintained beyond the Primary Term by continuous drilling, upon the expiration of the continuous drilling period, Lessee shall obtain a professional survey showing the location of each drillsite, road, and pipeline then located on the Land and shall prepare and deliver to Lessor a release in recordable form, releasing Lessee's right to use any other portion of the surface not designated as a road, drillsite, or pipeline location on the survey.

e. Before any drilling equipment is moved to a drillsite, Lessee must build an all-weather, graded gravel and caliche road to the drillsite with tin horns placed where necessary. Lessee shall maintain all roads used by Lessee in a good condition. Lessee shall fence the roads constructed by Lessee.

f. All pits and cellars must be filled to ten inches above ground level by Lessee within 30 days after completion of each well. If the pits or cellars are too wet to cover within 30 days after completion of a well, Lessee agrees to remove the contents of each from the Land, and to fill the pits as provided above when the ground is dry. All salt water produced from the Land must be removed by Lessee.

g. Lessee may not use sand, gravel, caliche, or any other materials from Lessor's Land in Lessee's operations.

h. Lessee will install a gate at the entrance to the Land. The gate shall be set back an appropriate distance from the adjoining road or street so that all trucks and equipment will be completely off of the road or street when stopped at the gate.

11. **Assignments.** Lessee shall notify Lessor of any assignment or sublease of this Lease, and all assignees or sublessee shall be subject to all of Lessee's obligations under this Lease. Lessor shall notify Lessee of any assignment of Lessor's interest in the Land covered by this Lease.

12. **Force Majeure.** Should Lessee be prevented by reason of Force Majeure from complying with any express or implied covenant of this Lease (other than a requirement to pay money), from conducting drilling or reworking operations on the Land, or from producing oil or gas, then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith; this Lease will be extended so long as Lessee is prevented from conducting drilling or reworking operations on or from producing oil or gas from the Land; and the time while Lessee is so prevented will not be counted against Lessee. "Force Majeure" means any Act of God, any federal or state law, or any rule or regulation of governmental authority, or other similar cause (other than financial reasons). This paragraph is, however, in all things subject to the limitations of time during which this Lease may be continued in force by the payment of shut-in gas royalties. This Lease may be extended by reason of Force Majeure for no more than two (2) cumulative years.

13. **Warranty and Proportionate Reduction.** This Lease is given and accepted without warranty of any kind, either express, statutory or implied. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties and other amounts payable hereunder will be reduced proportionately.

14. **Curing Defaults.** Should Lessee at any time fail to comply with its obligations hereunder regarding construction, maintenance, or repair within 30 days after written notice from Lessor, Lessor will have the right to do or have done whatever is necessary to fulfill the obligations to its satisfaction, and Lessee shall be liable to Lessor for the reasonable and necessary expenses thus incurred by Lessor. If Lessee's default creates a safety hazard or a potential safety hazard, Lessee must alleviate the default immediately.

15. **Notices.** All notices will be deemed given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States Postal Service, postage prepaid, to Lessor and Lessee at the addresses shown above. Either party may designate a new address by proper notice to the other party.

16. **Attorney's Fees.** In the event that Lessor is required to employ legal counsel for the enforcement of any provision of this Lease and prevails, Lessor will be entitled to recover from Lessee reasonable attorney's fees and expenses incurred by Lessor.

17. **Insurance.** At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its activities and operations hereunder, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor and related individuals and entities designated by Lessor as additional insureds. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage

for the cost of clean-up and surface remediation. The coverage shall be in the minimum amount of \$1,000,000. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage.

18. Indemnity. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, EMPLOYEES, TRUSTEES, VOLUNTEERS, AGENTS, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S ACTIVITIES AND OPERATIONS ON THE LAND OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. AS USED IN THIS PARAGRAPH, THE TERM "LAND" INCLUDES THE LAND COVERED BY THIS LEASE OR ANY LANDS POOLED THEREWITH. LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.

19. Miscellaneous Provisions.

a. In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall, within 60 days thereafter, furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

b. Nothing in this Lease negates the implied covenants imposed upon Lessee under applicable law.

c. Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations and municipal ordinances. Upon request, Lessee shall furnish to a representative designated by Lessor copies of applications to drill, daily drilling reports, well tests, completion reports, plugging records, and production reports. Lessor has the right, personally or by representative, at Lessor's risk, of access to the derrick floor to observe all operations on all wells drilled on the Land. Lessor will have the right to inspect and take samples of all cores and cuttings and witness the taking of all logs and drill stem tests. Lessee will divulge to Lessor correct information as requested by Lessor as to each well, the production therefrom, and such technical information as Lessee may acquire. Lessor has the right to be present when wells or tanks are gauged and production metered and has the right to examine all run tickets and to have full information as to production and runs.

d. The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Under no circumstances may Lessee, its agents, employees, or contractors bring firearms or dogs or other animals on the Land or hunt or fish on the Land. Upon Lessor's written request, Lessee agrees to furnish to Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Land together with a copy of each title curative document obtained by Lessee.

e. Upon Lessor's written request, Lessor shall have the right to inspect, during normal business hours, all records of Lessee relating to this Lease, operations conducted on the Lease, the sale and marketing of production from the Lease, and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing. All such information is confidential and shall not be further disclosed by Lessor without Lessee's prior written consent.

f. This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

g. This Lease is subject to the terms and provisions of a certain *Agreement to Execute Oil & Gas Lease* of the same date between Lessor and Lessee, reference to which is made for all purposes.

h. It is not the intent of Lessor or Lessee that any provisions of this Lease violate any applicable law regarding the rule against perpetuities, the suspension of the absolute power of alienation, or other rules regarding the vesting or duration of estates. In the event, however, that any provision of this Lease is determined to violate any such rule, then the specific provision shall nevertheless be automatically conformed to be effective for the maximum period (but not longer than the maximum period) permitted by the rule that will result in no violation.

Executed on the date first written above.

Lessor:

[Signature/Title]
[Printed Name/Title]

By: [Signature]
Romulo Del Prado, Authorized Class Representative,
on behalf of himself and a Class of Judgment Creditors
of the Estate of Ferdinand E. Marcos

Lessee: Conglomerate Gas II, L.P.
By Its General Partner, Vancouver Sky
Management LLC, D. Alan Meeker, Manager

[Signature]
[Printed Name/Title]

By: [Signature]
D. Alan Meeker, Manager

State of New Jersey
County of Essex

This instrument was acknowledged before me on 6/29/08 by Romulo Del Prado, as Authorized Class Representative, on behalf of himself and a Class of Judgment Creditors of the Estate of Ferdinand E. Marcos, in such capacity and on their behalf.

[Signature]
Notary Public in and for Essex
County, State of New Jersey

State of Texas
County of Tarrant

This instrument was acknowledged before me on June 30th by D. Alan Meeker, Manager of Vancouver Sky Management LLC, General Partner of Conglomerate Gas II, L.P., on behalf of said limited partnership.



[Signature]
Notary Public in and for Tarrant County Texas

Exhibit A to that certain Oil & gas Lease by and between Romulo Del Prado, on behalf of himself and a Class of Judgment Creditors of the Estate of Ferdinand E. Marcos as Lessor, with a mailing address of % Robert A. Swift, Kohn, Swift & Graf, P.C., One South Broad Street, Suite 2100, Philadelphia, PA 19107, and Conglomerate Gas II, L.P. a Texas limited partnership as Lessee, with offices located at 4770 Brvant Irvin Court, Suite 400, Fort Worth, Texas 76107

- Tract 1: 742.636 acres of land, more or less, out of the John Sise Survey Abstract No. 1434, J. Jennings Survey Abstract No. 874, SA & MORR Survey Abstract No. 927 and the Henry Lane Survey Abstract No. 928, and being further described in a Correction Special Warranty Deed Dated October 23, 2006, from Brenton Property Corporation to BN Development Company, Inc., recorded in Instrument D206387271, Deed Records, Tarrant County, Texas.
- Tract 2: 149.364 acres of land, more or less, out of the Charles Martin Survey Abstract No. 1022, and being further described in a Correction Special Warranty Deed Dated October 23, 2006, from Brenton Property Corporation to BN Development Company, Inc., recorded in Instrument D206387272, Deed Records, Tarrant County, Texas.
- Tract 3: 209.435 acres of land, more or less, out of the H Walker Abstract No. 1622 and the Henry Lane Survey Abstract No. 927, and being further described in that Special Warranty Deed Dated December 19, 2001, from Brenton Property Corporation to BN Development Company, Inc., recorded in Volume 15346 Page 309, Deed Records, Tarrant County, Texas.

End of Exhibit A

Exhibit B

